

Audit



Report

OFFICE OF THE INSPECTOR GENERAL

**SYSTEMS PROVIDED TO THE
ARMY NATIONAL GUARD**

Report No. 95-229

June 9, 1995

DISTRIBUTION STATEMENT A
Approved for Public Release
Distribution Unlimited

20000113 085

Department of Defense

DTIC QUALITY INSPECTED 4

AGI00-04-0922

INTERNET DOCUMENT INFORMATION FORM

A . Report Title: Systems Provided to the Army National Guard

B. DATE Report Downloaded From the Internet: 01/12/99

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): OAIG-AUD (ATTN: AFTS Audit Suggestions)
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, VA 22202-2884

D. Currently Applicable Classification Level: Unclassified

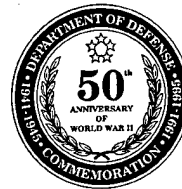
E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: __VM__ Preparation Date 01/12/99

The foregoing information should exactly correspond to the Title, Report Number, and the Date on the accompanying report document. If there are mismatches, or other questions, contact the above OCA Representative for resolution.



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



June 9, 1995

MEMORANDUM FOR CHIEF, NATIONAL GUARD BUREAU
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Audit Report on Systems Provided to the Army National Guard (Report No. 95-229)

We are providing this report for your review and comments. This report is the first of three audits planned to review equipment that was acquired by or converted to the Army National Guard. We considered management comments on the draft of this report in preparing the final report.

DoD Directive 7650.3 requires that all audit recommendations be resolved promptly. Therefore, the Army is requested to provide final comments on the unresolved recommendation and certain other clarifying information as specified in the report by August 9, 1995.

We appreciate the courtesies extended to the audit staff. If you have questions on this audit, please contact Mr. James L. Koloshey, Audit Program Director, at (703) 604-8961 (DSN 664-8961) or Mr. Michael E. Simpson, Audit Project Manager, at (703) 604-8972 (DSN 664-8972). The distribution of this report is listed in Appendix F. The audit team members are listed inside the back cover.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Additional Copies

To obtain additional copies of this report, contact the Secondary Reports Distribution Unit, Audit Planning and Technical Support Directorate, at (703) 604-8937 (DSN 664-8937) or FAX (703) 604-8932.

Suggestions for Future Audits

To suggest ideas for or to request future audits, contact the Planning and Coordination Branch, Audit Planning and Technical Support Directorate, at (703) 604-8939 (DSN 664-8939) or FAX (703) 604-8932. Ideas and requests can also be mailed to:

Inspector General, Department of Defense
OAIG-AUD (ATTN: APTS Audit Suggestions)
400 Army Navy Drive (Room 801)
Arlington, Virginia 22202-2884

DoD Hotline

To report fraud, waste, or abuse, contact the Defense Hotline by calling (800) 424-9098; by sending an electronic message to Hotline @ DoDIG.OSD.MIL; or writing to the Defense Hotline, The Pentagon, Washington, D.C. 20301-1900. The identity of each writer and caller is fully protected.

Acronyms

AR	Army Regulation
ARNG	Army National Guard
DCSOPS	Deputy Chief of Staff for Operations and Plans
DPP	Dedicated Procurement Program
GAO	General Accounting Office
HEMTT	Heavy Expanded Mobility Tactical Truck
MICOM	U.S. Army Missile Command
MLRS	Multiple Launch Rocket System
mm	millimeter
MTOE	Modified Table of Organization and Equipment
NGB	National Guard Bureau
NG	National Guard
TPF	Total Package Fielding
TOE	Table of Organization and Equipment
TRADOC	U.S. Army Training and Doctrine Command

Office of the Inspector General, DoD

Report No. 95-229

(Project No. 4AG-0034)

June 9, 1995

SYSTEMS PROVIDED TO THE ARMY NATIONAL GUARD

EXECUTIVE SUMMARY

Introduction. The Military Departments distribute equipment to military units commensurate with the units' planned wartime employment. DoD's policy requires that priority for distribution of equipment be given to units scheduled to be deployed or employed first, irrespective of Component. The Army National Guard obtains equipment from appropriations to the Army's regular procurement budget, a separate appropriation specifically for Army National Guard equipment, and other Army units through conversion.

Objective. The overall audit objective was to determine whether adequate supportability planning was conducted for systems provided to the Army National Guard. This audit is phase I of a three-phase approach and will cover systems acquired through the acquisition process. Phase II will cover systems primarily obtained through conversion. Phase III will cover rotary aircraft converted to or acquired for the Army National Guard and Army Reserve.

Audit Results. Multiple Launch Rocket Systems and 9 millimeter pistols without the necessary support items were provided to units in the Army National Guard. Also, no provision was made for Hawk missile system training beyond FY 1995. The readiness status of the units was affected and their ability to mobilize in a timely manner and operate effectively with their active duty counterparts could also be affected. Potential benefits to be achieved are increased readiness and improved mobilization and training. Appendix D discusses the potential benefits.

Summary of Recommendations. We recommend that the Assistant Secretary of the Army (Research, Development and Acquisition) require that all support equipment be delivered concurrently with the systems fielded to the Army National Guard and notify Congress when Dedicated Procurement Program funding is not adequate for required support equipment. We also recommend that the Deputy Chief of Staff for Operations and Plans require the Training and Doctrine Command to complete a viable training plan and provide sustainment funding for the Hawk and Chaparral missile systems.

Management Comments. Management comments were received from the Deputy Chief of Staff for Operations and Plans. The comments were approved by the Assistant Secretary of the Army (Research, Development and Acquisition) and the Director of the Army Staff. Management nonconcurred with the recommendation that all support equipment be delivered concurrently with the major systems fielded to the Army National Guard. The Army stated that, because of the detailed method by which Congress appropriates and directs Dedicated Procurement Program funds, it would be difficult to comply with the recommendation. Management concurred with the recommendation that Congress should be notified of any Dedicated Procurement Program funding shortfalls.

Audit Response. Comments to the recommendation concerning the sustainment funding for the HAWK are considered responsive. While we understand the planning

problems created by budget add-ons, our recommendation that all support equipment be delivered concurrently with the major system dealt with all system fieldings regardless of the source of funds. While there may need to be exceptions as a matter of practicality, the basic policy should be to strive for simultaneous fielding of all systems and support items and the available mechanism to compensate by out-of-sequence distribution should be used. We request that management reconsider its position in response to the final report. We also request that management provide copies of certain information referenced in the comments to the draft report. Comments should be provided by August 9, 1995.

Table of Contents

Executive Summary	i
Part I - Introduction	
Role of Army National Guard	2
Objectives	2
Scope and Methodology	2
Management Controls	3
Prior Audit	3
Part II - Finding and Recommendations	
System Supportability	6
Part III - Additional Information	
Appendix A. System Descriptions	16
Appendix B. Responsibilities of Cognizant Offices	17
Appendix C. Description of Unit Status Reporting Levels	19
Appendix D. Summary of Potential Benefits Resulting From Audit	20
Appendix E. Organization Visited or Contacted	21
Appendix F. Report Distribution	22
Part IV - Management Comments	
Army Comments	26

This report was prepared by the Acquisition Management Directorate, Office of the Assistant Inspector General for Auditing, Department of Defense.

Part I - Introduction

Role of Army National Guard

The United States Army has two Reserve Components in addition to the Active Component. Combat units and their direct support units are in the Army National Guard (ARNG). The Army Reserve is comprised primarily of combat service support and combat support units. The ARNG consists of more than 4,400 units located in 2,600 communities. All state National Guards also have Air National Guard components. During peacetime, National Guard (NG) units are under the control of their respective state or territory and, as such, provide disaster relief and drug interdiction and maintain public peace and order during local emergencies. In time of war or national emergency, the President can federalize ARNG units. Once federalized, ARNG units become part of the United States Army and fight alongside full-time Active Army units.

The Army policy of placing all Active and Reserve units into a wartime organizational structure is called Total Force. The Army designed the Total Force concept to meet the enemy threat in each theater, while operating sustaining bases in the continental United States. When feasible, ARNG units train in peacetime with the active duty organization they will operate with in wartime.

DoD's policy requires that priority for distribution of equipment be given to units scheduled to be deployed or employed first, irrespective of Component. The ARNG obtains equipment from appropriations to the Army's regular procurement budget, a separate appropriations specifically for ARNG equipment, and other Army units through conversion.

Objectives

The audit's overall objective was to determine whether supportability planning was adequate for the acquisition of the Multiple Launch Rocket System, Hawk and Chaparral missile systems, and 9 millimeter (9 mm) pistol for the ARNG and management controls applicable to supportability planning. This audit is part of our overall evaluation of the acquisition and conversion of weapon systems to the ARNG and Army Reserve components.

Scope and Methodology

This program results audit was made from April 1994 through February 1995, in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD, and included such tests of management controls as were considered necessary. We reviewed four systems that the Army had recently acquired for the ARNG: the Multiple Launch Rocket System (MLRS), Hawk and Chaparral missile systems (most recent upgrades), and the 9 mm pistol (Appendix A). We visited eight states

that had or were to receive either the MLRS, the Hawk or Chaparral missile, or the 9 mm system. We also requested data on equipment received from all states and territories. We interviewed personnel, observed a fielding process, reviewed and analyzed documentation relating to the fielding process, and visited other Major Commands involved in the fielding process. We did not rely on computer-processed data to support our results. Appendix E lists the organizations visited or contacted.

Management Controls

We evaluated the effectiveness of management controls over the procurement of weapon systems for the Army National Guard. The Army revised Army Regulation (AR) 11-2, "Management Control," August 1, 1994. Under this regulation, vulnerability assessments are no longer done at the Secretary of the Army level. A senior level manager for each functional area at each state is responsible for establishment of a management control plan and to ensure that management control evaluations are completed. The fielding process was not assessed by the states or the National Guard Bureau, which created a material management control weakness as defined by DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987. Management implementation of Recommendations 1.a., 1.b., and 2 will correct these management control weaknesses. Monetary benefits from implementing the recommendations were not quantifiable; however, readiness posture should be enhanced by implementing these recommendations. Senior officials responsible for management controls within the National Guard Bureau and Chief of Staff of the Army will receive a copy of the final report.

Prior Audit

The General Accounting Office (GAO) issued Audit Report GAO/NSIAD-93-11 (OSD Case No. 9206), "Reserve Forces: Aspects of the Army's Equipping Strategy Hamper Readiness," February 1993. GAO concluded that shortages in the major equipment items on hand continue to effect the readiness of individual Reserve units. Army procurement and distribution priorities account for many units remaining underequipped and being more slowly modernized than the Active force. The Dedicated Procurement Program could have more impact in rectifying the problem. GAO recommended that the Secretary of the Army reassess the Army's equipment redistribution policies and procedures. DoD generally concurred with GAO's findings. However, the problems reported by GAO still persisted when we performed our review as discussed in Part II of this report.

This page was left out of original document

Part II - Finding and Recommendations

System Supportability

Multiple Launch Rocket Systems and 9 millimeter pistols were provided to units in the Army National Guard without the support equipment necessary to be fully supportable and sustainable. This situation occurred primarily because of the failure to implement the total package fielding process due to an accelerated Dedicated Procurement Program funding schedule. Also, the Hawk missile system was provided to only one of two battalions scheduled for New Mexico and sustainment funding for Hawk and Chaparral system training did not go past FY 1995. Consequently, the readiness status of the units was adversely affected and their ability to mobilize in a timely manner and operate effectively with their Active duty counterparts could be affected.

Background

AR 700-140, "Reserve Components Dedicated Equipment Distribution Program," April 17, 1986, prescribes the policy, responsibilities, and procedures of the Army's Dedicated Equipment Distribution Program under Dedicated Procurement Programs (DPP) for Reserve Components. Under the DPP, Congress appropriates separate funds to be spent only on equipment for the Reserves. Congress initiated this separate appropriation line item because of concerns over severe shortages in the Reserves. Many units lacked even the minimum equipment they needed to conduct their missions. The National Guard Bureau (NGB) annually provides Congress a listing of needed items that could be funded under DPP. The NGB is responsible for adequate storage, maintenance, and support equipment for items purchased under DPP. The Assistant Secretary of the Army (Financial Management) has overall responsibility for receiving and distributing DPP funding.

AR 700-142, "Materiel Release, Fielding, and Transfer," April 27, 1988, states the policies, responsibilities, and administrative procedures for the Army's materiel release, fielding, and transfer process. The U.S. Army Materiel Command developed and tested a concept called total package fielding (TPF). It provides for the concurrent fielding of a materiel system with all required support. This process should minimize the logistics burden on the gaining Major Command (in this case, the NG) relative to the fielding process. TPF became the Army's standard fielding method in FY 1989. The U.S. Army Missile Command (MICOM) was the fielding Command for the fielding of the MLRS and Hawk and Chaparral missile systems. The Armament Munitions and Chemical Command was the fielding Command for the 9 millimeter pistol. See Appendix B for the responsibilities of the cognizant offices.

AR 220-1, "Unit Status Reporting," July 31, 1993, establishes the Unit Status Reporting System explaining in detail what units are required to report, how reports are prepared, and how reports are submitted. Readiness levels are reported C-1 through C-5. A description of each level is in Appendix C.

AR 71-31, "Management System for Tables of Organization and Equipment," July 20, 1989, establishes a table of organization and equipment (TOE), which is a requirements document identifying an organization's mission and the minimum personnel and equipment required to accomplish the organization's mission in war. This document is approved by the Army's Deputy Chief of Staff for Operations and Plans in coordination with Department of the Army staff agencies. A Modified Table of Organization and Equipment (MTOE) is a modified version of a TOE, listing the requirements and authorizations of personnel and equipment needed to perform an assigned mission in a specific geographical or operational environment.

Weapon System Supportability

Multiple Launch Rocket System. MLRSs were provided to Michigan, Tennessee, and Kentucky National Guards without sufficient Heavy Expanded Mobile Tactical Trucks (HEMTTs) and communication equipment. The Michigan National Guard was provided 27 MLRS launchers from August through December 1993. This fielding was scheduled for completion in FY 1998 using regular procurement funds, but was accelerated to FY 1994 using DPP funds. The Tennessee National Guard was also provided 29 MLRS launchers (includes two operational floaters) from August 1994 through February 1995. This fielding was also funded under the DPP. The Army did not plan to field the MLRS under the TPF concept. The Kentucky National Guard was issued 29 MLRS launchers (includes two operational floaters) from June 1994 through January 1995. Tennessee and Kentucky fieldings started as DPP, initially not using the TPF concept, but later were converted to TPF.

HEMTTs. The Tennessee National Guard and Kentucky National Guard were not provided sufficient HEMTTs as required by the MTOE. Kentucky received 10 launchers and enough HEMTTs to support one firing battery. According to the MLRS MTOE, each battalion requires from 44 to 47 HEMTTs for use as ammunition carriers, refuelers, and wreckers to support the 27 launchers. The number of HEMTTs vary between states due to additional launchers and spares provided to the states. While the HEMTTs are considered support equipment, they are crucial to a MLRS battalion. The HEMTTs are needed to transport ammunition, refuel the launchers, and retrieve the launchers when maintenance is needed. The MLRS battalion needs these trucks for training and mobilization with their Active Duty counterparts. Based on the number of launchers received, Table 1 illustrates how many launchers and HEMTTs were required and received.

System Supportability

Table 1. Insufficient HEMTTs Received

<u>Equipment</u>	<u>Michigan</u>	<u>Tennessee</u>	<u>Kentucky</u>
Launchers Received	27	27	27
HEMTTs Required	47	47	47
HEMTTs Received	43	1	8

Communications Equipment. Michigan, Tennessee and Kentucky MLRS units did not receive adequate FM radios, secured communication equipment (HYP-57s and KY-57s), and other ancillary equipment necessary for command and control. The ARNG personnel stated that communications is the most important aspect for coordination between MLRS batteries and the fire direction control. MLRS launchers need a secure radio frequency to digitally communicate with each other. Digital communication is the communication between the firing computers located in each launcher. The equipment is needed for the battalions to train and mobilize with their Active Duty counterparts. Table 2 illustrates the shortages in communications equipment for each state.

Table 2. Insufficient Communications Equipment

<u>Equipment</u>	<u>Michigan</u>	<u>Tennessee</u>	<u>Kentucky</u>
FM Radios Required	111	75	72
FM Radios Received	<u>39</u>	<u>75</u>	<u>63</u>
Shortage	72	0	9
HYP-57s Required	221	230	230
HYP-57s Received	<u>0</u>	<u>31</u>	<u>180</u>
Shortage	221	199	50
KY-57s Required	182	182	191
KY-57s Received	<u>0</u>	<u>100</u>	<u>164</u>
Shortage	182	82	27

Other Support Issues. The states did not receive other equipment such as tool kits, battery cases, installation kits, chemical and combat masks, and other equipment. In addition, the Tennessee National Guard does not have a facility that allows maintenance to be performed when the launcher is fully extended. Also, no facilities are available to store the MLRS and no covers are available to protect the MLRS against corrosion.

Support Improvements

Total Package Fielding. The MLRS launchers were not provided to the Michigan National Guard and Tennessee National Guard concurrently with required support equipment as required by AR 700-142. Under TPF, the fielding Command, MICOM, was responsible for ensuring the successful fielding and initial supportability of the MLRS system; however, the support equipment was purchased with DPP funds that were provided to the NGB. Because of the split funding responsibilities between the fielding Command and the NGB, coordination problems directly contributed to the above condition.

Michigan. According to a 1993 Memorandum of Agreement between the Deputy Chief of Staff for Operations and Plans (DCSOPS), the MLRS Program Manager, and the NGB on the fielding of the MLRS to a unit of the Michigan National Guard, the fielding was not treated as a TPF. The memorandum cited funding constraints and instruction from DCSOPS as the reason for not fielding MLRS under the TPF concept. The Memorandum of Agreement stated that the HEMTTS and communication equipment would be provided through sources other than the MLRS Project Office; however, the memorandum also charged the MLRS Project Office with managing the fielding and coordinating procurement items.

Kentucky and Tennessee. The MLRS Project Office did not accept responsibility for the HEMTTS for the MLRS fieldings of the MLRS to ARNG units in Kentucky and Tennessee. The systems were to be fielded under TPF. Cognizant personnel within the MLRS Project Office felt that their office was not responsible since funding was provided directly to the NGB.

NGB Support. No NGB representatives were at the fieldings. The gaining Command (NGB) was to coordinate with the fielding Command (MICOM) to determine the materiel, facility, personnel, and training requirements needed to be met for the system fielding to each gaining unit. Also, the NGB was to provide the required personnel to assist in the deprocessing and transfer of the equipment. The ARNG personnel at the three states felt that NGB representatives should be present for a major system fielding such as the MLRS.

Modified Table of Organization and Equipment. The MTOEs for the Michigan National Guard and Tennessee National Guard MLRS systems were not received in a timely manner. The late delivery of the MTOE effected the state's ability to train personnel. Unit conversion actions, from 8-inch howitzers to MLRS units, require MTOEs to be received much earlier than the normal 18-month advance receipt. The training cycle and the receipt of the MLRS equipment 9 months before the MTOE effective date (E-Date) require soldiers be assigned and trained up to 18 months before MTOE E-Date. To properly assign soldiers, allow for school attendance, and process security clearances, the unit's MTOE should be received 24 to 30 months before E-Date. For example, the Michigan National Guard battalion received the MTOEs on November 1992 but should have received them no later than April 1992 to ensure a smoother conversion. Tennessee National Guard's MTOE will convert from its 8-inch howitzer to the MLRS battalion effective September 1995 and,

System Supportability

therefore, should have received the MTOEs in April 1993 instead September 1994. The battalion cannot send recruits to MLRS training schools until the MTOE is changed. Congress directed the acceleration of the DPP program to such a degree that it did not permit the timely delivery of MTOEs to these states; so no recommendation will be made.

Hawk and Chaparral Supportability

System Sustainment. The Army does not plan to fund sustainment of Hawk and Chaparral missile systems beyond FY 1995. The Assistant Deputy Chief of Staff for Operations and Plans, Force Development, stated in a memorandum that the Army has insufficient money to resource operation and maintenance of Hawk or Chaparral missiles. He also said that "even though there is a requirement for these units, if National Guard Bureau cannot provide an innovative solution to these problems, then the war fighting risk of putting those units in an unfunded status is acceptable to the Army."

Hawk System in New Mexico. New Mexico did not receive the Hawk missile system as scheduled for one of the two Hawk battalions. In response to budget cuts, the Army Deputy Chief of Staff for Operations and Plans decided to indefinitely delay fielding of the second battalion. The fielding was delayed after the unit had already sent its Chaparrals to storage.

Training. The NGB sent a letter to the Commanding General of the U.S. Army Training and Doctrine Command (TRADOC) emphasizing the importance of continued training capability for personnel using Hawk and Chaparral missile systems in the Army National Guard. The letter explained that TRADOC had not approved a training plan. In response, TRADOC personnel met to devise a comprehensive training plan for Hawk and Chaparral missile training and to resolve conflicts between Commands over staffing and funding of training. Representatives of cognizant organizations within Army Headquarters, DCSOPS, TRADOC Headquarters and Schools, NGB, MICOM, and Marine Corps attended the conference. The ARNG has no additional resources, but TRADOC plans to transfer people from existing slots to meet training requirements. This transfer will not solve the long-term training problem. A state ARNG director of plans and training said in a trip report on the conference that "The Department of Army, Office of the Deputy Chief of Staff for Operations and Plans, and Office of Deputy Chief of Staff for Personnel generally did not support either additional resources, personnel, or modified personnel policies to assist with this training mission. Nor was Army Training and Doctrine Command particularly supportive of its schools."

9 Millimeter Semi-Automatic Pistol

The 9 millimeter (mm) pistol was fielded to ARNG units. Fourteen ARNG states indicated that they did not receive the support equipment such as holster and ammunition clips. The fielding of the 9 mm pistol was planned under the TPF concept and, as such, the 9 mm pistols should have been fielded with all necessary support equipment. The 9 mm pistol project office originally agreed to release funds to purchase the support items in December 1993; however, the funds were not released until April 1994. Fourteen states still were without the support items as of February 1995. As a result, the 9 mm pistols for the 14 states remained stored in United States Property and Fiscal Offices warehouses until the support items could be procured for them by the fielding Command. According to National Guard Bureau personnel, the support equipment should be distributed to the remaining States by December 1995.

Conclusion

The failure to deploy new systems concurrently with support equipment and proper training could adversely affect the ability of National Guard battalions to mobilize. The lack of HEMTTs and communications equipment for the MLRS system and holsters and clips for the 9 mm pistol affected battalion readiness and training. While we realize that a DPP funding can accelerate and complicate a fielding, this factor does not relieve the Active Army of its obligation to ensure that fieldings to the Army National Guard adhere to the TPF concept and sufficient funds are available to provide the necessary support equipment. We recognize an overall shortage of funds are available for procuring major system and support equipment. One option might be to field one entire battalion for one state before fielding other states, allowing the state to convert to and train on the new weapon system while allowing the other states scheduled for conversion to stay in a deployable readiness status. The following is a unclassified summary of each state's readiness status.

Michigan. The Michigan National Guard MLRS battalion has been reporting in a non-deployable status for more than 2 years. In addition to not having the communication equipment necessary to effectively train and deploy, the battalion was forced to abandon the 8-inch howitzer mission in order to execute the training and fielding of the MLRS mission. The formal training for this conversion continues today.

Tennessee. Tennessee National Guard is still reporting as an 8-inch howitzer battalion in a non-deployable status. The Tennessee National Guard decided to not maintain the howitzers in a deployable standard. This decision was made so the state could begin training as a MLRS battalion. However, the Tennessee National Guard MLRS battalions do not have enough HEMTTs and communication equipment to train and mobilize in a timely manner.

Kentucky. The Kentucky National Guard MLRS battalion has also been reporting in a non-deployable status since April 1994. The Kentucky MLRS battalion does not have enough HEMTTs and communication equipment to train and mobilize in a timely manner.

New Mexico. The New Mexico National Guard could only mobilize two of three batteries from one of its two Hawk battalions, and none from the second battalion. The first battalion has never received sufficient 5-ton trucks to mobilize its assets. The second battalion has never received any Hawk systems or support equipment. Thus, the readiness of the two New Mexico battalions was severely impacted. While realizing that the National Guard needs to be modernized under the Total Force concept, fielding an ARNG battalion with more than \$100 million worth of new modernized equipment that is not fully operational is not an efficient use of resources.

Recommendations, Management Comments, and Audit Responses

1. We recommend that Assistant Secretary of the Army (Research, Development and Acquisition):

a. Require that all support equipment be delivered concurrently with the major systems fielded to the Army National Guard.

Management Comments. The Assistant Deputy Chief of Staff for Operations and Plans (DCSOPS) responded for the Assistant Secretary of the Army (Research, Development and Acquisition) and the Director of the Army Staff. Management nonconcurred with the draft report recommendation. He stated that in view of the method by which Congress appropriates and directs Dedicated Procurement Program (DPP) funds, it would be difficult to comply with the recommendation. The complete text of management comments is in Part IV.

Audit Response. Our recommendation stated that support equipment be concurrently delivered with the major system regardless of the source of funds. For example, DPP did not fund the fieldings of the 9 millimeter pistol and the HAWK missile systems; however, the necessary support equipment still was not provided. While we realize that an unplanned DPP appropriation can cause disruption to the on-going fieldings, the mechanism to provide support equipment using an out-of-sequence distribution is available and should be utilized. We request that management reconsider its position in response to the final report.

b. Notify Congress when Dedicated Procurement Program funding is not adequate for required support equipment

Management Comments. Management concurred with this recommendation.

Audit Response. The Army comments were responsive.

2. We recommend that Deputy Chief of Staff for Operations and Plans require the Training and Doctrine Command to complete a viable training plan and to provide sustainment funding for the HAWK and Chaparral missile systems.

Management Comments. The Deputy Chief of Staff stated that the training plan and sustainment funds for the three HAWK Battalions have been implemented and that the Chaparral system will be inactivated by the end of FY 1997. Management stated that memoranda dated December 12, 1994, and April 12, 1995, resolved these issues. Management also indicated that our statement in the draft report that "the Army does not plan to fund sustainment of the HAWK and Chaparral missile system beyond FY 1995" is incorrect.

Audit Response. Comments provided are responsive to the recommendation. We were not provided the December 12, 1994, memo before the issuance of the draft report on March 15, 1995. Our statement was based on the data we had at the time. Also, the April 12, 1995, memo was dated after the issuance of the draft report. We request that we be provided both documents to facilitate the audit followup process.

Additional Management Comments

Management Comments. The comments stated that the MLRS fieldings to the Michigan National Guard was a DPP fielding, resulting in insufficient funds to acquire the support equipment.

Audit Response. We agree. Our report states that a memorandum of agreement designated the commands responsible for procuring the support equipment. These commands did not provide this equipment when the systems were fielded. Our position is that Total Package Fielding should be the only method utilized when providing systems to the Army National Guard.

Management Comments. The comments stated that the Heavy Expanded Mobility Tactical Trucks (HEMTT) were to be procured as part of a buy with the contractor that included Saudi Arabia. However, when Saudi Arabia failed to produce the funds, the contract had to be restructured, delaying HEMTT availability. The delivery of the HEMTTs to Tennessee and Kentucky will be completed by July 1995.

Audit Response. While recognizing a delay because of contractual issues, we believe that if more than \$100 million of new equipment is to be fielded to a state, then the support equipment should be provided concurrently so the units can train and mobilize immediately. If the support equipment

System Supportability

cannot be provided with the major system concurrently, the fielding should be delayed or the support equipment should have been provided from other sources.

Part III - Additional Information

Appendix A. System Descriptions

Multiple Launch Rocket System. The Multiple Launch Rocket System (MLRS) provides an all-weather, indirect fire capability, both at mid-range and at depth to attack the enemy's indirect fire weapons, air defense systems, and light materiel and personnel targets. The MLRS is replacing the 8-inch howitzer units. The Army fielded MLRS to 18 active battalions and 3 Army National Guard battalions. The Army is currently fielding MLRS to Army National Guard units in Tennessee and Kentucky. The main components of the MLRS, a M993 armored vehicle and the M269 rocket launcher, make up the M270 launcher rocket armored vehicle. Each MLRS battalion has 27 MLRS systems.

Hawk Missile. The Hawk is a mobile, all-weather, medium-range air defense missile system that can protect U.S. forces from threats ranging from fixed-wing aircraft and helicopters to low cross-section cruise missiles and tactical ballistic missiles. The Hawk missile provides medium-range air defense coverage for corps and echelons above corps assets. All four Army Hawk missile battalions are in the Army National Guard. The battalions are in New Mexico, Ohio, South Carolina, and Florida. The Hawk missile systems assigned to these units included the latest product improvement program configuration. Each battalion was authorized 18 Hawk systems.

Chaparral Missile. The Chaparral is a low-altitude, surface-to-air missile system. Like the Hawk, the Army transferred its entire Chaparral mission from the Active Army to the Army National Guard. Chaparral battalions are in Arkansas, Florida, and New Mexico. Each battalion is authorized 36 Chaparral missile systems.

9 Millimeter Pistol. The 9 millimeter semiautomatic pistol is the newest pistol being distributed to all Army National Guard units.

Appendix B. Responsibilities of Cognizant Offices

The Deputy Chief of Staff for Logistics is responsible for:

- o establishing policy for materiel release, fielding, and transfer;
- o monitoring the Army's materiel release effort in coordination with other Army staff agencies to ensure effective implementation;
- o participating in review and validation of funding to support Army fielding and transfer efforts; and
- o resolving or issuing guidance on fielding and transfer schedule changes due to deficiencies in training, facilities, personnel, or equipment.

The Deputy Chief of Staff for Operations and Plans is responsible for:

- o force development and establishing requirements and priorities for the employment of Army forces and
- o approving tables of organization and equipment.

The Fielding Command assumes additional responsibilities such as:

- o relieving the gaining Major Commands and their subordinate units of much of the logistics burden previously associated with the materiel fielding process;
- o producing materiel fielding plans describing the system and associated support equipment to be fielded;
- o coordinating with the combat developer, supporting Commands, and project managers to identify the total materiel, facility, personnel, and training requirements in the Materiel Fielding Plan;
- o coordinating with the gaining Command to assure the gaining Command's preparedness and to determine the authorized end item;
- o increasing and issuing initial materiel to support the fielding; and

Appendix B. Responsibilities of Cognizant Offices

o programming and budgeting funds to accomplish all scheduled total package fieldings.

Fielding commands responsible for the subject systems were U.S. Army Missile Command for the MLRS, Hawk, and Chaparral; U.S. Army Armament Munitions and Chemical Command for the 9 millimeter pistol; U.S. Army Tank and Automotive Command for the HEMTT; and the U.S. Army Communications and Electronic Command for the radios.

Appendix C. Description of Unit Status Reporting Levels

A unit is C-1 if it possesses the required resources and is trained to undertake the full wartime mission(s) for which it was organized or designed.

A unit is C-2 if it possesses the required resources and is trained to undertake most of its wartime mission(s) for which it was organized or designed.

A unit is C-3 if it possesses the required resources and is trained to undertake many, but not all, portions of its wartime mission(s) for which it was organized or designed.

A unit is C-4 if it requires additional resources and training to undertake its wartime mission(s). It may be directed to undertake portions of its wartime mission(s) with resources on hand.

A unit is C-5 if it is undergoing a Service-directed resource action and is not prepared, at this time, to undertake the wartime mission(s) for which it was organized or designed.

Appendix D. Summary of Potential Benefits Resulting From Audit

Recommendation Reference	Description of Benefit	Amount and/or Type of Benefit
1.a.	Economy and Efficiency and Management Controls. Will provide increased readiness through maximum use of weapon systems.	Nonmonetary.
1.b.	Economy and Efficiency and Management Controls. Will ensure that complete weapons systems are fielded.	Nonmonetary.
2.	Program Results and Management Controls. Will allow units to train and mobilize in an effective manner.	Nonmonetary.

Appendix E. Organizations Visited or Contacted

Office of the Secretary of Defense

Assistant Secretary of Defense (Reserve Affairs), Washington, DC
Deputy Under Secretary of Defense (Logistics), Washington, DC

Department of the Army

Deputy Chief of Staff for Operations and Plans, Washington, DC
Deputy Chief of Staff for Logistics (Supply and Equipment), Washington, DC
U.S. Army Communications and Electronics Command, Fort Monmouth, NJ
U.S. Army Missile Command, Huntsville, AL
U.S. Army Training and Doctrine Command, Fort Monroe, VA

National Guard Organizations

National Guard Bureau, Arlington, VA
Georgia National Guard Headquarters, Atlanta, GA
Kentucky National Guard Headquarters, Frankfort, KY
Michigan National Guard Headquarters, Lansing, MI
New Mexico National Guard Headquarters, Santa Fe, NM
North Carolina National Guard Headquarters, Raleigh, NC
South Carolina National Guard Headquarters, Columbia, SC
Tennessee National Guard Headquarters, Nashville, TN
Texas National Guard Headquarters, Austin, TX

Appendix F. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
Deputy Under Secretary of Defense (Comptroller/Management)
Deputy Under Secretary of Defense (Comptroller/Program/Budget)
Deputy Under Secretary of Defense (Acquisition Reform)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Assistant Secretary of the Army (Research, Development and Acquisition)
Assistant Secretary of the Army (Financial Management)
Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
Inspector General, National Security Agency
Inspector General, Central Imagery Office

Non-Defense Federal Organizations

Office of Management and Budget

Technical Information Center, National Security and International Affairs Division,

General Accounting Office

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

Senate Committee on Appropriations

Senate Subcommittee on Defense, Committee on Appropriations

Senate Committee on Armed Services

Senate Committee on Governmental Affairs

House Committee on Appropriations

House Subcommittee on National Security, Committee on Appropriations

House Committee on Government Reform and Oversight

House Subcommittee on National Security, International Affairs, and

Criminal Justice, Committee on Government Reform and Oversight

House Committee on National Security

This page was left out of original document

Part IV - Management Comments

Army Comments



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS
400 ARMY PENTAGON
WASHINGTON DC 20310-0400



DAMO-FD

11 May 1995

MEMORANDUM THRU ~~DEPUTY CHIEF OF STAFF FOR OPERATIONS AND PLANS~~
~~DIRECTOR OF THE ARMY STAFF~~ *OP* ~~DEPUTY CHIEF OF THE ARMY STAFF~~ *MAJ 15/95*
~~ASSISTANT SECRETARY OF THE ARMY~~ *RD* ~~RD~~ *15 May 95*

FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE (AUDITING)

SUBJECT: Draft Audit Report on Systems Provided to the Army
National Guard (Project No. 4AG-0034)

1. The following comments are provided in response to the Department of Defense Inspector General's Draft Audit for Systems Provided to the Army National Guard:

a. The Army's primary focus of equipping is based on the "First to Fight" principle which prioritizes the distribution of equipment based on deployment timelines. The intent of this method is to ensure that early deploying forces are adequately resourced to accomplish assigned missions.

b. Congressionally mandated Dedicated Procurement Program (DPP) funds were used to accelerate the fielding of the Multiple Launch Rocket System (MLRS) to Tennessee and Kentucky. The fielding of MLRS to Michigan was always programmed as a DPP fielding. The use of Congressionally mandated DPP funds, which did not include sufficient funds to acquire necessary support equipment, resulted in the inability to conduct a Total Package Fielding (TPF).

c. The final Department of Defense Inspector General audit should reflect that Heavy Expanded Mobility Tactical Trucks (HEMTT) were originally scheduled to be fielded to the MLRS units in Tennessee and Kentucky as part of a procurement contract involving the Kingdom of Saudi Arabia. However, the contract had to be restructured due to failure of the Saudi government to place funds against the Foreign Military Sales case. This resulted in the need to restructure the solicitation causing a delay in HEMTT availability. Contract DAAE07-94-C-R085 was awarded on 4 August 1994 and will meet 100% of the HEMTT requirements for the MLRS units in Tennessee and Kentucky. Deliveries will be completed by July 1995. As indicated in the draft audit, the Michigan MLRS unit has 90% of required HEMTTs.

DAMO-FD

SUBJECT: Draft Audit Report on Systems Provided to the Army
National Guard

d. Communications equipment shortfalls continue to exist in the Total Army. This shortage is particularly acute in later deploying units due to diminished resources. Efforts are continuing to ensure that later deploying units receive equipment cascaded from units which have received newer equipment under the "First to Fight" method of equipment distribution.

e. The Hawk and Chaparral Supportability section of the draft audit states that the Army does not plan to fund sustainment of Hawk and Chaparral missile system beyond FY 95. This statement is incorrect. On 16 December 1994, the Deputy Chief of Staff for Operations and Plans (DCSOPS) directed that the Army would retain, sustain, and train three HAWK Battalions in the Army National Guard. The DCSOPS also directed that Chaparral be withdrawn from the force. On 12 April 1995, the DCSOPS reaffirmed his 16 December 1994 decision and resolved the outstanding training and funding issues. The draft audit also points out equipping shortages in the New Mexico Air Defense Artillery units. Based on the 16 December 1994 decision, the flow of equipment to the 7-200 Air Defense Artillery Battalion New Mexico National Guard has resumed.

f. 9mm Pistol. Support equipment will be distributed by December 1995.

2. Concerning the audit's conclusions:

a. Non-concur with recommendation 1a which would task ASA (RDA) to require that all support equipment be delivered concurrently with major systems fielded to the Army National Guard. In view of the specific and detailed method Congress appropriates and directs DPP funds, it would be extremely difficult to comply with this recommendation.

b. Concur with recommendation 1b which requires ASA (RDA) to notify Congress when DPP funding is not adequate for support equipment.

c. Recommendation 2, which recommends that a complete training plan be developed and that sustainment funds be continued for the HAWK and Chaparral systems, has been implemented for the HAWK system. All Chaparral units will inactivate by the end of FY 97.

Army Comments

DAMO-FD

SUBJECT: Draft Audit Report on Systems Fielded to the Army
National Guard

3. The Army is committed to ensuring that units are adequately resourced within existing affordability limits. While diminishing resources negatively affect modernization efforts, the Army continues to work toward equipping a force capable of performing our mission as we move into the 21st Century.

Encl
Draft Rpt

CF:
SAAG-PRF-E
SALL-IL
SAPA-ZX

Edw G. Anderson, III
EDWARD G. ANDERSON, III
Major General, GS
Assistant Deputy Chief of Staff
for Operations and Plans,
Force Development

Audit Team Members

Donald E. Reed
James L. Koloshey
Mike E. Simpson
Steve Bressi
Stanley Arceneaux
Wilson Malcolm
Mary Ann Hourclé
Vivian A. Holyfield